

203.3 POLICY DIRECTIVES AND REQUIRED PROCEDURES

203.3.1 Mandatory and Non-Mandatory Guidance

Effective Date: 01/31/2003

This chapter describes both mandatory and non-mandatory procedures and practices. Mandatory procedures are identified with use of the words “must,” “required,” or other clear designation.

The non-mandatory procedures described in this chapter are intended to increase consistency and predictability of operations. Non-mandatory procedures are identified with use of the words “should,” “recommended,” “may,” or other clear designation. Although Operating Units should generally follow these procedures, they may choose to deviate from them or adapt them to particular situations, especially when such deviations promote core values and increase cost-efficiency. Operating Units do not have to document deviations from non-mandatory procedures.

Note: To alert readers, the word “MANDATORY” will often appear at the start of a paragraph. The paragraph itself may contain a combination of mandatory and non-mandatory language, as signaled by the words listed above.

Special exemptions from some mandatory procedures are noted in the text. Assistant Administrators have authority to approve, as necessary, additional exemptions from the mandatory procedures beyond those exemptions specifically mentioned in this chapter. Approval for any such additional exemptions must be obtained in writing from the Assistant Administrator of the responsible Bureau and must be written as an action memorandum cleared by the Bureau for Policy and Program Coordination, Office of Strategic and Performance Planning (PPC/SPP), and the Office of General Counsel (GC), before approval.

Special Exemptions: Certain programs are exempted from the mandatory procedures described in this chapter, including (1) emergency disaster assistance; and (2) emergency food aid authorized under Title II of the Agricultural Trade Development and Assistance Act of 1954, as amended (P.L. 480).

203.3.2 Performance Management

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Operating Units are responsible for establishing systems to measure progress towards intended objectives. The tools of assessing, learning, and sharing are interrelated through the concept of performance management. As defined in [ADS 200.6](#), **performance management** is

...the systematic process of monitoring the results of activities; collecting and analyzing performance information to track progress toward planned results; using performance information to influence program decision making and resource allocation; and communicating results achieved, or not attained, to advance organizational learning and tell the Agency's story.

Performance management represents the commitment of the Agency to manage programs with greater accountability and for the most advantageous development outcomes. At a high-level, performance management is a four-part process, as described below.

a. Planning to monitor results. As an Operating Unit develops its Strategic Plan, it should define the intended results or changes the planned Strategic Plan will affect. Concurrently, the Operating Unit should consider how it will assess progress toward those results. Planning to monitor results involves determining

- Tools (such as performance indicators, evaluations, special studies) that will be used to measure progress over time;
- Current situation (performance baseline) and the change in the situation that will signal success (performance target);
- Data collection methods that will be used, the frequency of data collection and the responsibility for data compilation, analysis or interpretation, and data quality assessments; and
- How data will be used in the appropriate level of decision making, resource allocation, and communicating the Operating Unit's story.

b. Collecting and analyzing performance information to track progress toward planned results. Performance information can come from a variety of sources — performance indicators, partner progress reports, periodic evaluations or assessments, Portfolio Reviews. The source and frequency of information will vary according to management needs. For day-to-day feedback on activity implementation, Operating Units generally rely on direct communication with partners and the narrative provided in their progress reports. For an indication of progress towards planned results, Operating Units should rely more on performance indicator data in the Performance Management Plan for each SO.

c. Using performance information to influence program decision-making and resource allocation. Operating Units usually have varying information needs for decision-making depending on where the Operating Unit is in implementing the SO. The evolving levels of performance

information over the life of an SO are shown graphically in Figure 203A, “Measuring Performance Over Time.” Early in the life of an SO, Operating Units should use input and output data to make informed decisions. Later, input and output data may become less meaningful for program decision-making purposes, and Operating Units should base program decisions on whether the activities are yielding planned results. Therefore, Operating Units will need information that measures progress at the Intermediate Results (IR) and Strategic Objective (SO) level. Operating Units should be aware of how reliable the data used for different levels of decision-making are. (For definitions of input, output, Intermediate Result, and Strategic Objective, see [ADS 200.6](#).) Figure 203B, “Levels of Results,” shows a pyramid in which the levels of results that an Operating Unit is responsible for (activity, IR, and SO level) contribute to achieving results in Agency goal areas. The greatest quantity of performance information is likely to be available and needed at the level closest to the implementation of the activities, with the quantity of information decreasing as the distance from the activity itself increases.

d. Communicating results achieved, or not achieved, to advance organizational learning and tell the Agency’s story. Communication allows an Operating Unit to tell its story to its various stakeholders and facilitates learning within the Agency. One part of communication is submitting required reports (such as the Annual Report) to USAID/W. Communication is also a powerful element of performance management for achieving better results. For example, Operating Units should share performance information with partners and customers, in order to mobilize the knowledge and experience of key stakeholders to identify ways to improve results.

Figure 203Aⁱ
Measuring Performance Over Time

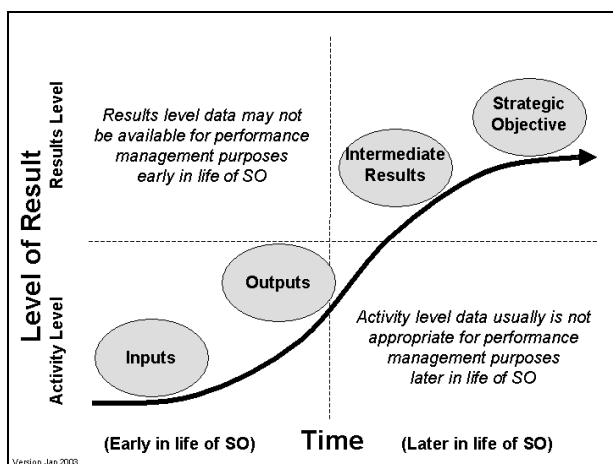
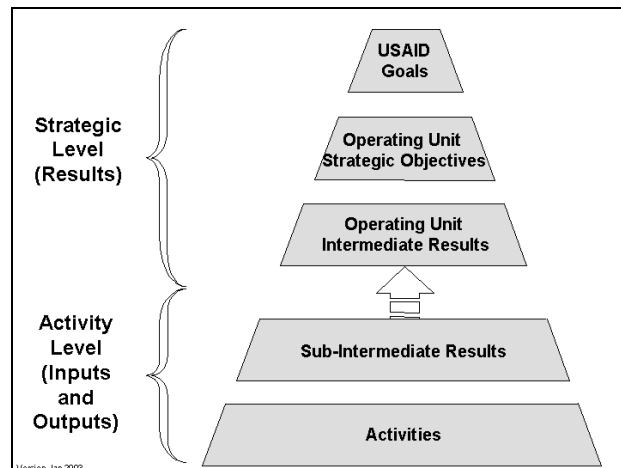


Figure 203Bⁱⁱ
Levels of Results



203.3.2.1 Keys to Effective Performance Management

To implement performance management effectively, Operating Units should go beyond the specific requirements described in this chapter and demonstrate a broader commitment to key principles and practices that foster a performance-oriented culture. USAID as an Agency gains credibility when Operating Units can employ these key principles and practices as a regular part of their performance management efforts.

a. Actively Plan for Performance Management: Operating Units should plan for performance management while developing Strategic Objectives and designing activities. Starting early is key because assembling the various elements of the system takes time. When trying to develop preliminary Performance Management Plans (PMP), some Operating Units may discover that the proposed Strategic Objectives or Results Frameworks need revision, which may require additional time.

b. Make Decisions on the Basis of Performance Data: Operating Units should use performance information systematically to assess progress in achieving results and to make management decisions. In terms of the supply of performance information, it is important that information be available when required for decision-making. On the demand side, decision-makers at all levels should use performance information to influence decision-making processes and encourage partners to do likewise.

c. Seek participation: Operating Units can strengthen performance management by involving customers, partners, stakeholders, and other USAID and USG entities in the process of performance management. Operating Units can promote participation by (1) including customers, partners, and stakeholders when developing PMPs; (2) including partners when collecting, interpreting, and sharing performance information and experience; (3) integrating USAID performance management efforts with similar processes of partners; and (4) assisting partners in developing their own performance management and evaluation capacity.

d. Streamline the process: Operating Units should only collect and report on the information that is most directly useful for performance management. More information is not necessarily better because it markedly increases the management burden and cost to collect and analyze. Operating Units should also seek to align their performance information needs with those of their partners, thereby lessening the reporting burden for partner organizations. Examples include jointly defining a critical set of performance indicators or incorporating data collection directly into assistance and acquisition mechanisms. Operating Units should ensure that reporting requirements are included in acquisition

and assistance instruments, and that partner reporting schedules provide information at the appropriate times for Agency reporting.

e. Be transparent: Operating Units should share information widely and be candid in reporting. Transparency involves (1) communicating any limitations in data quality so that achievements can be honestly assessed; (2) conveying clearly and accurately the problems that impede progress and steps that are being taken to address them; and (3) avoiding the appearance of claiming jointly-achieved results as solely USAID results.

203.3.2.2 Budgeting for Performance Management

Effective Date: 01/31/2003

Operating Units should make sufficient funding and personnel resources available for performance management work. Experience has shown that 3 to 10 percent of total program resources should be allocated for this purpose, but special circumstances may make it necessary to deviate from this range.

Efforts should also be made to keep the system cost-effective. As much as possible, performance data collection should be integrated with the performance management activities of implementing partners and incorporated into their work plans with appropriate funds allocated. Integrating USAID and partner efforts reduces the burden on USAID and, more importantly, ensures that partner activities and USAID Strategic Plans are well aligned.

If anticipated costs appear prohibitive, the Operating Unit should consider

- Modifying the relevant result (Strategic Objective or Intermediate Result level), as provided in [ADS 201.3.11](#), so that progress can be judged at reasonable costs;
- Revising the data collection method of performance indicators, or selecting other performance indicators, in order to select a less expensive data collection method; or
- Designing an evaluation or rapid, low-cost assessment to measure performance.

In some situations, expensive technical analysis or studies such as the Demographic and Health Surveys (DHS) are vital to managing performance and are important ingredients of the development activity itself. Where possible, these studies should be coordinated with partners and other donors to ensure co-funding.

203.3.3 Performance Management Plans (PMP)

Effective Date: 01/31/2003

MANDATORY. Operating Units must prepare a complete PMP for each Strategic Objective (SO) within one year of approval of the SO. In most cases, the preliminary PMP required in [ADS 201.3.7.6](#) as a part of planning and approving a new Strategic Objective will not meet the requirements in this section for a complete PMP.

As defined in [ADS 200.6](#), a **Performance Management Plan (PMP)** is

A tool used by an Operating Unit and SO Team to plan and manage the process of assessing and reporting progress towards

achieving a Strategic Objective. Known as a “performance monitoring plan” until 2002.

203.3.3.1 Contents of a Complete PMP

Effective Date: 01/31/2003

MANDATORY. To be considered complete, a PMP must define at least one performance indicator that will be used to measure progress towards the Strategic Objective, and at least one performance indicator to measure progress towards each Intermediate Result in the Results Framework. Each of those performance indicators must include baseline levels, and targets to be achieved over the life of the SO.

A PMP should also meet the criteria described below.

a. Include a calendar of performance management tasks that an Operating Unit will conduct over the life of the Strategic Objective with an illustrative timeline for when each task will be conducted. Typical performance management tasks at the Operating Unit level are

- Collect performance indicator data,
- Review partner reports,
- Conduct Portfolio Reviews,
- Assess data quality,
- Revise PMP,
- Prepare Operating Unit Annual Report, and
- Design and perform evaluations as needed.

b. State the set of performance indicators that the Operating Unit will use to assess progress towards the SO over its life. The PMP should specify the set of performance indicators (at the Strategic Objective and Intermediate Results levels) that will be used to assess progress over the life of the SO, and may indicate subsets of indicators that will be used in certain years or phases of the SO. Performance indicators should be disaggregated by gender to the maximum extent possible. The PMP should also provide a justification of why each performance indicator was selected, including any milestone indicators. While the set of indicators may change or be expanded over the life of the SO, the Operating Unit should develop as complete a set of indicators as possible early in the life of the SO. For more information on how to select performance indicators, see [203.3.4](#).

c. Provide baseline values and targeted values for each SO and IR level performance indicator included in the PMP. For more information on setting performance baselines and targets, see [203.3.4.5](#).

d. Specify the source of the data and the method for data collection. The description of data collection should be operationally-specific enough to enable an objective observer to understand how the raw data are collected, analyzed for meaning, and reported. A specific USAID Office, team, or individual should be assigned the responsibility of ensuring that the data are acquired by USAID in time to feed into decision making and preparation of the Annual Report. Data collection methods should be consistent and comparable over time, and any changes should be documented in the PMP.

e. Specify the schedule for data collection. Identify what actual time period the data covers, when data will be collected, and a person at USAID responsible for the collection and analysis of raw data, or the submission to USAID. Note that whenever possible, data should be collected on and reported on a U.S. fiscal year. In many cases data for certain performance indicators may not be available for this time period. For information on reporting performance on the USG fiscal year versus calendar year, see [203.3.8.2](#).

f. Describe known data limitations of each performance indicator, by discussing any data quality limitations and steps to be taken to address them. For information on data quality issues, see [203.3.5](#).

g. Describe the quality assessment procedures that will be used to verify and validate the measured values of actual performance of all the performance information. For information on conducting data quality assessments, see [203.3.5.3](#).

In addition to the points described above, Performance Management Plans may be more useful to Operating Units if they

- Describe plans for reviewing, using, and reporting performance information;
- Identify data collection requirements that could be incorporated into activities and obligation agreements with partner organizations;
- Identify possible evaluation efforts to complement the performance management effort and identify circumstances requiring evaluations or other special studies;

- Estimate the costs of collecting, analyzing, and reporting performance data, and plan how these will be financed;
- Plan and manage the process of collecting data for Agency reporting purposes such as the Annual Report, in order to ensure that this information meets quality standards; and
- Discuss plans for monitoring the development hypothesis, critical assumptions, and context indicators that affect the Results Framework.

203.3.3.2 Format of a Complete PMP

Effective Date: 01/31/2003

There is no standard format for PMPs. Operating Units should use a format that best fits their management and communication needs. In most cases, a complete PMP does not exceed 25 pages, and annexes or SO Team files can be used to store any additional information. The following resources provide tools and examples.

- Additional Help document, [TIPS Number 7, Preparing a PMP](#).
- Additional Help document, [Performance Management Toolkit](#), which provides a step-by-step methodology for developing Performance Management Plans, and also provides ready to use worksheets that cover a range of management and communication needs.

203.3.4 Selecting Performance Indicators for PMPs

Effective Date: 01/31/2003

MANDATORY. Operating Units must include performance indicators in their PMPs. As defined in [ADS 200.6](#), a **performance indicator** is

A particular characteristic or dimension used to measure intended changes defined by a Results Framework. Performance indicators are used to observe progress and to measure actual results compared to expected results. Performance indicators help answer how or if an Operating Unit or SO Team is progressing towards its objective, rather than why such progress is or is not being made. Performance indicators may measure performance at any level of a Results Framework (Strategic Objective level or Intermediate Results level).

203.3.4.1 Types of Performance Indicators

Effective Date: 01/31/2003

a. Quantitative and qualitative indicators. Performance indicators may be quantitative or qualitative. Operating Units and SO Teams should select

performance indicators for the PMP that are the most appropriate for the result being measured. For example, the result “non-traditional exports increased” could be measured using the quantitative indicator, “dollar value of cut-flowers exported.” The result “advocacy by civil society organizations improved” could be measured with a purely qualitative approach, such as using a panel of experts to assess performance. In most cases, however, qualitative results can be effectively measured by methods that quantify progress and mitigate subjectivity. Major types of indicators that quantify qualitative results are described below. For more information about the “Characteristics of Good Performance Indicators,” see [203.3.4.2](#). Operating Units should be aware that changes to the questions, scoring, or other procedures of qualitative indicators will decrease their comparability over time. Three examples of qualitative indicators are described below.

- **Milestone Indicator:** A type of indicator that measures progress towards a desired outcome by dividing the progress into a series of defined steps. An example of a milestone indicator could come from a policy reform activity, where the first critical milestone may be passage of a law; a second the establishment of an oversight agency; and a third the equitable implementation of the policy. Milestones may be used in conjunction with other types of indicators to measure progress towards a result. For additional examples, see Additional Help document, [TIPS 14, Monitoring the Policy Reform Process](#). If a milestone plan will be used, the PMP should provide a clear definition of each step or milestone; criteria for assessing if the step or the milestone has been achieved; and an expected timeline for when each step will be achieved.
- **Rating Scale:** A measurement device that quantifies a range of subjective responses on a single issue or single dimension of an issue. One example of rating scales is when survey respondents are asked to provide a quantified response (such as 1 to 5) to a survey question. If Operating Units use rating scales, the PMP should provide a clear definition of how the rating scale will be implemented and how respondents should rank their answers.
- **Index:** A type of indicator that combines two or more data sources into a single measure. Indices can be very useful ways to represent multiple dimensions of progress if they have been carefully developed and tested, but the final index value may be difficult to interpret. Examples of commonly reported indices include Couple Years of Protection (CYP) in population programs, the Corruption Perceptions Index, the Index of Economic Freedom, and the AIDS Program Effort Index (API). For additional examples, see Additional Help documents, [TIPS 15, Measuring Institutional Capacity](#), and [TIPS 15 Annex, Measuring Institutional Capacity \(Annexes\)](#). **Note:** Operating Units should use existing, well-established indices only. Operating Units rarely have the resources to

develop and test the significance of a new index. If an Operating Unit uses an index, the methodology and procedures for data collection and interpretation should be included in the PMP.

b. Other types of indicators. In addition to measuring program level performance, Operating Units may find it useful to include other types of indicators. For example

- **Context level indicators.** Context level indicators measure the greater context within which each SO operates and do not measure the direct contribution of USAID activities. Examples include national level gross domestic product (GDP), inflation, and HIV seroprevalence rates, which are usually beyond the management control of an Operating Unit. Other examples include the triggers that reflect transition between scenarios. (For more information on triggers and scenario planning, see [ADS 201.3.4.4](#).) Operating Units may use context indicators in the PMP and in reporting narratives to describe the development environment of a country, sector, or program, but context indicators should not be used in to describe the effects or impacts of USAID activities.
- **Agency-level common indicators.** As part of the Annual Report, Operating Units are required to report on some Agency-level common indicators known as “selected performance measures,” which are used for Agency-level decision making and external reporting. See [203.3.4.4](#) and [203.3.8.6](#).

203.3.4.2 Characteristics of Good Performance Indicators

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When choosing performance indicators, Operating Units and SO Teams should consider questions such as “What will be different as a result of these activities?” “How will we be able to recognize the desired difference?” and “What will be different at the end of the current year?” for each result and year of the program. Operating Units should also remember that performance indicators merely “indicate” how a program is performing and do not necessarily tell the full story. Just because one indicator shows strong performance does not always mean the entire program is on track. The intended program should drive the selection of indicators, not the other way around.

When selecting performance indicators for the PMP of each SO, Operating Units should use the seven criteria below (abbreviated D-O-U-P-A-T-A). It may be difficult or unrealistic to select performance indicators that meet all criteria. Operating Units should be aware of the tradeoffs between the criteria, and should use the PMP to document the limitations of an indicator and the rationale for selecting the indicator. Note that these criteria apply to both quantitative and qualitative performance indicators. For explanation of qualitative and quantitative performance indicators, see [203.3.4.1](#).

- a. Direct.** Performance indicators should closely track the results they are intended to measure. If a direct indicator cannot be used because of cost or other factors, a **proxy indicator** (an indirect measure of the result that is related by one or more assumptions) may be used to measure the result. (For example, a proxy measure of household income might be the number of TV antennas or tin roofs in a given geographical area; the assumption is that an increase in household income will be associated with increased expenditure on televisions or tin roofing.) If Operating Units use proxy indicators, the assumptions supporting the selection of the proxy should be documented in the PMP and confirmed on a regular basis.
- b. Objective.** Performance indicators should be unambiguous about what is being measured. Performance indicators should be unidimensional (should measure only one aspect at a time). Performance indicators should also be precisely defined in the PMP. To ensure that indicators (especially qualitative indicators) are comparable over time, Operating Units should clearly define and document the indicators to permit regular, systematic, and relatively objective judgment regarding their change in value or status.
- c. Useful for Management.** Performance indicators selected for inclusion in the PMP should be useful for the relevant level of decision-making. As noted in [203.3.4.1](#) and [203.3.8.6](#), Operating Units may also choose to include Agency-level indicators in the PMP for each SO.
- d. Practical.** Operating Units should select performance indicators for which data can be obtained at reasonable cost and in a timely fashion.
- e. Attributable to USAID Efforts.** Performance indicators selected for inclusion in the PMP should measure changes that are clearly and reasonably attributable, at least in part, to USAID efforts. In the context of performance indicators and reporting, attribution exists when the outputs of USAID-financed activities have a logical and causal effect on the result(s) being measured by a given performance indicator. One way to assess attribution is to ask, “If there had been no USAID activity, would the measured change have been different?” If the answer is “no,” then there likely is an attribution issue, and the Operating Unit should look for a more suitable performance indicator. If more than one agency or government is involved in achieving a result, Operating Units should describe exactly what role each played in achieving the result.
- f. Timely.** Performance indicators should be available when they are needed to make decisions. Experience suggests that the information needed for managing activities should be available on a quarterly basis.

Data that are available after a delay of a year or more may be difficult to use. For information on reporting performance on the USG fiscal year versus calendar year, see [203.3.8.2](#). If a performance indicator is not available every year (such as data from the Demographic and Health Survey), the schedule should be noted as a data limitation. The Operating Unit should also select other performance indicators, direct or proxy, which reflect program performance and are available more regularly. For more information about proxy indicators, see section (a) above.

g. Adequate. Operating Units should have as many indicators in their Performance Management Plan as are necessary and cost effective for management and reporting purposes. In most cases, two or three indicators per result (per Strategic Objective or Intermediate Result) should be sufficient to assess performance. In rare instances, if a result is narrowly defined, a single indicator may be adequate. Too many indicators may be worse than too few since all performance indicators require resources and effort to collect, analyze, report, and use.

Additional Help Resources. A worksheet based on these criteria is available in Additional Help document, [Performance Management Toolkit, Worksheet 5](#). For information on selecting performance indicators, see Additional Help document, [TIPS Number 6, Selecting Performance Indicators](#).

203.3.4.3 Reflecting Gender Considerations in Performance Indicators

Effective Date: 01/31/2003

Men and women have different access to development programs and are affected differently by USAID activities. USAID seeks to understand these differences, to improve the efficiency and overall impact of its programs, and to ensure that both women and men have equitable access to development activities and their benefits.

One way to understand the effect of gender on development efforts is to disaggregate performance information by sex. Because disaggregating performance data by gender is not always feasible or cost effective, the following requirement ensures due consideration in assessing the relationship between gender and development efforts:

MANDATORY. Performance management systems and evaluations at the SO and IR levels must include gender-sensitive indicators and sex-disaggregated data when the technical analyses supporting the Strategic Objective, the Intermediate Results, or the activities to be undertaken under the SO demonstrate that

- The activities or their anticipated results involve or affect women and men differently; and

- If so, this difference would be an important factor in managing for sustainable program impact.

If the people targeted by the activity cannot be easily identified (such as people who attend mass meetings, people who buy from social marketing program vendors, people affected by economic reform), it may be too difficult to track and report sex-disaggregated data. In these cases, Operating Units should use performance indicators that may assess gender impact indirectly.

Operating Units should be aware that their activities may have significantly different effects on different social groups, and should ensure that neither women nor men are disproportionately affected, either positively or negatively. For example, in a region where 8 of 10 farmers are women and there are certain social norms governing social relations between the sexes, the Operating Unit should weigh the benefits of using male versus female agricultural extension agents. A program might disproportionately address women's access to education in situations where they have been historically disadvantaged. Similarly, policy changes often affect men and women differently, and Operating Units should look for unexpected effects that may need to be addressed. When gender technical expertise is not present in an Operating Unit, technical assistance is available from the Office of Women in Development in the Bureau for Economic Growth, Agriculture, and Trade (EGAT).

203.3.4.4 Do Operating Units Have to Use Common Indicators?

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In most cases, Operating Units are not required to use common indicators for managing program performance. Operating Units should consider performance indicators used by other Operating Units facing similar development contexts. The Bureau for Policy and Program Coordination, Office of Strategic and Performance Planning (PPC/SPP) provides current information on performance indicators used in USAID Operating Units, available at <http://www.dec.org/partners/ardb>. Operating Units should also contact Pillar and Regional Bureaus for indicators that may be useful in certain sectors or regions based on best practices.

MANDATORY. Selected Performance Measures. As part of the Annual Report, Operating Units are required to report on some Agency-level common indicators known as "selected performance measures," which are used for Agency-level decision making and external reporting. As provided in [203.3.8.6](#), these indicators will be specified in the Annual Report guidance cable(s).

Operating Units should plan ahead for the collection of these selected performance measures. In some cases, there will be overlap between the selected performance measures and Operating Unit performance indicators. Operating Units may choose to include the selected performance measures in their PMPs.

Additional Reporting Requirements. Washington Bureaus may have additional reporting requirements for some Operating Units. Such requirements will be communicated through formal channels. For questions or concerns about specific reporting requirements, Operating Units should contact PPC/SPP.

MANDATORY. HIV/AIDS Indicators. All HIV/AIDS programs must use common indicators that are provided by the Bureau for Global Health, although Operating Units may add program specific indicators where appropriate. Operating Units should contact the Strategic Planning Evaluation and Reporting Division, Office of HIV/AIDS (GH/OHA/SPER) for additional guidance on HIV/AIDS programs and indicators. See the following documents for additional information:

- Mandatory Reference, [Guidance on the New Monitoring and Evaluation Reporting System Requirements for HIV/AIDS](#);
- Additional Help document, [USAID Handbook of Indicators for HIV/AIDS/STI Programs](#);

- Additional Help document, [USAID Expanded Response Guide to Core Indicators for Monitoring and Reporting on HIV/AIDS Programs](#);
- Additional Help document, [UNAIDS National AIDS Programmes: A Guide to Monitoring and Evaluation](#);
- Additional Help document, [UNAIDS/UNGASS: Monitoring the Declaration of Commitment on HIV/AIDS](#); and

203.3.4.5 Setting Performance Baselines and Targets

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For each indicator in a PMP, the Operating Unit should include performance baselines and set performance targets that can optimistically but realistically be achieved within the stated timeframe and with the available resources. As defined in [ADS 200.6](#), a **performance baseline** is

The value of a performance indicator before the implementation of USAID-supported activities that contribute to the achievement of the relevant result.

In most cases, baseline values should be measured using the same data collection process that will be used to collect actual performance data. If baseline data cannot be collected until later in the life of the SO, the Operating Unit should document when and how the baseline data will be collected.

As defined in [ADS 200.6](#), a **performance target** is the

Specific, planned level of result to be achieved within an explicit timeframe.

Operating Units should set targets for the end of the Strategic Objective time period, and may set targets for the interim years in between. Targets should be ambitious, but achievable given USAID (and other donor) inputs. Operating Units should be willing to be held accountable for achieving their targets. On the other hand, targets that are set too low are also not useful for management and reporting purposes. Operating Units should plan ahead for the analysis and interpretation of actual performance data against the performance targets.

For information about setting targets for indicators used to report program performance in the Annual Report, see [203.3.8.4](#).

203.3.4.6 Updating PMPs

Effective Date: 01/31/2003

Usually as part of the Operating Unit's Annual Portfolio Review process, Operating Units should update PMPs regularly with new performance information as programs develop and evolve.

203.3.4.7 Changing Performance Indicators

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Operating Units may change, add, or drop performance indicators when there is a compelling reason to do so. Operating Units should, however, note that changing performance indicators frequently may reduce the comparability of performance data over time and thereby weaken performance management and reporting efforts.

Because Operating Units generally have the authority to approve changes to performance indicators without Bureau or Agency approval, Operating Units are responsible for documenting these changes while updating their PMPs. The Operating Unit should update the PMP with a brief discussion of the reason(s) for the change, along with final values for any old indicator and baseline values for any new indicator.

If, however, a change in a performance indicator reflects a "significant" modification to a previously approved SO, the following review and approval requirements apply. The Operating Unit must send a memorandum to the responsible Bureau or use the Annual Report cover memo to request approval to change the performance indicator. The memorandum should include a brief discussion of the reason(s) for the indicator change, along with final values for any old indicator and baseline values. The Operating Unit should state why it considers this change to be "significant." Subsequently, the responsible Bureau must communicate its approval to the Operating Unit in writing. If an Operating Unit is uncertain as to whether a change in a performance indicator is "significant" or not, it should request guidance from the responsible Bureau. If the change is not "significant," the change should be reported in the Annual Report cover memo as previously approved by the Operating Unit.

Exception. Operating Units must consult with the Bureau of Global Health before making changes to any HIV/AIDS program performance indicators.

Modifying indicators reported in the Annual Report. Performance indicators that have been selected as official targets for reporting annual accomplishments in the Annual Report may not be changed in that year. For more information about the performance indicators included in the Annual Report, see [203.3.8.4](#).

203.3.5 Data Quality

Effective Date: 01/31/2003

There is always a trade-off between the cost and the quality of data. Operating Units should balance these two factors to ensure that the data used are of sufficiently high quality to support the appropriate level of management decisions. Performance data should be as complete and consistent as management needs and resources permit.

203.3.5.1 Data Quality Standards

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To be useful in managing for results and credible for reporting, Operating Units should ensure that the performance data in the PMP for each SO meet five data quality standards (abbreviated V-I-P-R-T). In some cases, performance data will not fully meet all five standards, and the known data limitations should be documented. Note that the same data quality standards cover quantitative and qualitative performance data.

- a. Validity.** Data should clearly and adequately represent the intended result. While proxy data may be used, the Operating Unit must consider how well the data measure the intended result. Another key issue is whether data reflect a bias such as interviewer bias, unrepresentative sampling, or transcription bias.
- b. Integrity.** Data that are collected, analyzed, and reported should have established mechanisms in place to reduce the possibility that they are intentionally manipulated for political or personal reasons. Data integrity is at greatest risk of being compromised during collection and analysis.
- c. Precision.** Data should be sufficiently precise to present a fair picture of performance and enable management decision-making at the appropriate levels. One key issue is whether data are at an appropriate level of detail to influence related management decisions. A second key issue is what margin of error (the amount of variation normally expected from a given data collection process) is acceptable given the management decisions likely to be affected. In all cases, the margin of error should be less than the intended change; if the margin of error is 10 percent and the data show a change of 5 percent, the Operating Unit will have difficulty determining whether the change was due to the USAID activity or due to variation in the data collection process. Operating Units should be aware that improving the precision of data usually increases the cost of collection and analysis.
- d. Reliability.** Data should reflect stable and consistent data collection processes and analysis methods from over time. The key issue is whether analysts and managers would come to the same conclusions if the data collection and analysis process were repeated. Operating Units should be confident that progress toward performance targets reflects real changes rather than variations in data collection methods. When data collection and analysis methods change, the PMP should be updated.
- e. Timeliness.** Data should be timely enough to influence management decision-making at the appropriate levels. One key issue is whether the data are available frequently enough to influence the

appropriate level of management decisions. A second key issue is whether data are current enough when they are available.

For further discussion, see USAID Information Quality Guidelines and related material on the Information Quality Act in [ADS 578](#) and at http://www.usaid.gov/about/info_quality.

203.3.5.2 Purpose of Data Quality Assessments

Effective Date: 01/31/2003

The purpose of a data quality assessment is to ensure that the Operating Unit and SO Team are aware of the strengths and weaknesses of the data as determined by applying the five data quality standards provided in [203.3.5.1](#); and are aware of the extent to which the data can be trusted to influence management decisions.

MANDATORY. Data reported to USAID/Washington for Government Performance and Results Act (GPRA) reporting purposes or for reporting externally on Agency performance must have had a data quality assessment at some time within the three years before submission. For more information, see [203.3.8.3](#). Operating Units may choose to conduct data quality assessments more frequently if needed. Operating Units are not required to conduct data quality assessments for data that is not reported to USAID/Washington. Managers are not required to do data quality assessments on all performance indicators that they use. Prudence suggests, however, that managers should be aware of the strengths and weaknesses of all indicators.

203.3.5.3 Conducting Data Quality Assessments

Effective Date: 01/31/2003

Operating Units collect data from a variety of sources, some of which are more reliable than others. The rigor of data quality assessments depends on the kind of source and the level of control that USAID has over the data. For all sources, the high-level process described in section (a) below should be followed. Additional considerations depending on the source of data are discussed in section (b) and section (c) below.

a. High-level guidance for Operating Unit data quality assessments.

- Verify that data are of reasonable quality based on the five data quality standards provided in [203.3.5.1](#). Note that the same data quality standards cover quantitative and qualitative performance data.

- Review data collection, maintenance, and processing procedures to ensure that the procedures are consistently applied and continue to be adequate. Identify areas for improvement if possible.
- Retain documentation of the assessment in the Operating Unit's performance management files and update the information within three years. Documentation may be as simple as memoranda of conversations with data sources and other informed officials.
- As provided in [203.3.8.3](#) and the Annual Report guidance cable(s), Operating Units must disclose data limitations for data reported in some sections of the Annual Report.

b. Conducting data quality assessments of data from implementing partners and secondary data sources. When Operating Units conduct data quality assessments of data from secondary sources (including implementing partners, government counterparts, and international agencies), the Operating Unit should focus the data quality assessment on the apparent accuracy and consistency of the data. In many cases, the data are not under USAID control and the Operating Unit, therefore, may not have the right to audit or investigate the quality of data in depth. Ways to conduct the assessment are described below.

- In many cases, Operating Units can compare central office records and the records kept at field site(s). Operating Units should consider visiting a broad range of sites; the point is to assess whether reports accurately reflect what occurs in the field. Note that RFPs for contracts, cooperative agreements, and grants should usually include standards for data quality in the reporting requirements.
- If the secondary data comes from periodic reports or service statistics, the Operating Unit should review the data to ensure that what is being reported is accurate. The Operating Unit can conduct regular meetings with other development partners to gain an appreciation of how accurate the data are and how much credence can be placed in the figures cited. The Operating Unit can request a briefing on the data collection and analysis procedures, including procedures to reduce error.
- If an Operating Unit provides technical assistance to a government ministry to improve data collection and analysis, the Operating Unit may be in a very good position to assess the quality of the data.
- The data quality assessment findings should be documented in a memo to the file.

c. Additional considerations for conducting data quality assessments of data collected directly by USAID (primary data).

When Operating Units collect primary data on their own or through independent entities contracted by USAID for this purpose, the data quality assessment should focus on the written procedures and training for crosschecking data. Operating Units should consult experts in data collection methodology to avoid some of the more common pitfalls.

If an Operating Unit contracts a specific organization to collect data, the Operating Unit should ensure that the organization has the technical capacity to collect data of appropriate quality, as evidenced by

- Written procedures are in place for data collection;
- Data are collected using a consistent collection process from year to year;
- Data are collected using methods to address and minimize sampling and non-sampling errors;
- Data are collected by qualified personnel and personnel are properly supervised;
- Duplicate data are detected;
- Safeguards are in place to prevent unauthorized changes to the data; and
- Source documents are maintained and readily available.

The Operating Unit should include data quality requirements in any Statement of Work (SOW), Request for Proposal (RFP), or Request for Application (RFA). The Operating Unit should also maintain communication with the implementation team to spot check that quality assurance mechanisms are being used. (Note that if an Operating Unit procures these services from a centrally managed contract, the central office managing the contract should ensure that the contractor establishes and maintains quality control over its data collection and analysis.)

203.3.6 Evaluations

Effective Date: 01/31/2003

An evaluation is a relatively structured, analytical effort undertaken to answer specific program management questions. An evaluation can provide a systematic way to gain insights and reach judgments about the effectiveness of

specific activities, the validity of a development hypothesis, the utility of performance monitoring efforts, or the impact of other changes in the development setting on achievement of results. Such insights and judgments can provide a clearer context within which other program information (such as data from performance indicators) can be interpreted and help the Operating Unit manage towards results achievement.

203.3.6.1 When Is an Evaluation Appropriate?

Effective Date: 01/31/2003

Operating Units should consider conducting an evaluation when there is a distinct and clear management need to address an issue. Operating Units and SO Teams should consider conducting at least one evaluation aimed at assessing results achievement during the life of each SO. Situations that may require an evaluation include

- A key management decision is required, and there is inadequate information;
- Performance information indicates an unexpected result (positive or negative) that should be explained (such as gender differential results);
- Customer, partner, or other informed feedback suggests that there are implementation problems, unmet needs, or unintended consequences or impacts;
- Issues of sustainability, cost-effectiveness, or relevance arise;
- The validity of Results Framework hypotheses or critical assumptions is questioned;
- Periodic Portfolio Reviews have identified key questions that need to be answered or that need consensus; or
- Extracting lessons is important for the benefit of other Operating Units or future programming.

Pillar and Regional Bureaus may request their Operating Units to conduct evaluations. For example, additional analytical work, including an evaluation, may be necessary to support continued funding for a particular SO. The intensive program review may also identify issues that need to be addressed through an evaluation. For more information about Intensive Program Review, see [203.3.10](#).

Some special studies may meet the criteria for Program Development and Learning (PD&L) Objectives and may be eligible for PD&L funding. For more

information about PD&L funding, Operating Units should see [ADS 201.3.3.5](#) and contact their Bureau program office.

203.3.6.2 Planning Evaluations

Effective Date: 01/31/2003

The scope and level of effort of an evaluation should vary according to management needs and resources available. Evaluations may be conducted by specially contracted external experts, SO Team members, or partner organizations. Evaluations may directly involve ultimate customers in data collection and analysis. Regardless of an evaluation's scope, the planning process should involve the following steps:

- Clarify the evaluation purpose (including what will be evaluated, who wants the information, what they want to know, and how the information will be used);
- Identify a small number of key questions and specific issues answerable with empirical evidence;
- Consider asking PPC, Office of Development Experience and Information (DEI) and its research and reference service to obtain past experience on similar USAID and external evaluation reports;
- Select appropriate evaluation methods, as provided in [203.3.6.4](#);
- Plan for data collection and analysis, including gender considerations, as provided in [203.3.4.3](#);
- Form an evaluation team with the necessary skills and composition; and
- Plan procedures (including schedule, logistics, reporting needs, and budget).

203.3.6.3 Scopes of Work

Effective Date: 01/31/2003

If an evaluation will be contracted out to an external entity, a scope of work will be needed that provides the framework for the evaluation and communicates the research questions. The Contracting Officer may have to place restrictions on an evaluation contractor's future work. For more information, see the website of the USAID Office of Procurement, available at <http://inside.usaid.gov/M/OP> (accessible only within the USAID firewall) or http://www.usaid.gov/procurement_bus_opp/procurement; and Mandatory Reference [Contract Information Bulletin \(CIB\) 99-17](#).

A well-written scope of work should

- Identify the activity, program, or approach to be evaluated;
- Provide a brief background on implementation;
- Identify existing performance information sources;
- State the purpose of, audience for, and use of the evaluation;
- Clarify the evaluation question(s);
- Identify the evaluation method(s);
- Specify the deliverable(s);
- Discuss evaluation team composition and participation of customers and partners;
- Cover procedures such as scheduling and logistics;
- Clarify requirements for reporting and dissemination; and
- Include a budget.

For more information, see Additional Help document, [TIPS Number 3, Preparing an Evaluation Scope of Work](#).

203.3.6.4 Evaluation Methodologies

Effective Date: 01/31/2003

There is no standardized methodology for evaluations of USAID programs. The type of evaluation should be determined by the questions to be answered. Depending on the scope, purpose, and key questions of the evaluation, the design and the types of methodology used may be relatively simple or more complex. Operating Units may choose from several evaluation methods, including:

- Short workshops to reflect on whether the development hypothesis is valid.
- Community interviews or customer focus groups, as described in Additional Help document, [TIPS Number 10, Conducting Focus Group Interviews](#).
- Large-scale surveys.

- Key informant interviews, as described in Additional Help document, [TIPS Number 2, Conducting Key Informant Interviews](#).
- Direct observation techniques, as described in Additional Help document, [TIPS Number 4, Using Direct Observation Techniques](#).
- Rapid appraisal techniques. Rapid appraisal type evaluations can be conducted during very short periods of two to three days, and can provide very timely, inexpensive information sufficient for many management needs. For more information, see Additional Help document, [TIPS Number 5, Using Rapid Appraisal Methods](#).
- Participatory appraisal methods, which may be used to engage ultimate customers directly in the evaluation process. For more information, see Additional Help document, [TIPS Number 1, Conducting a Participatory Evaluation](#).
- Traditional, formal impact evaluations. In a more complex situation, more definitive and detailed information may be needed. The tasks involved – measuring outcomes, ensuring the consistency and quality of data collected, establishing the causal connection between activities and outcomes, and identifying the influence of extraneous factors – raise technical or logistical problems that may not be easy to resolve. Such evaluations can take several weeks or months to conduct, which could make them less useful than rapid appraisals for near term management decision-making.

When selecting among evaluation methods, Operating Units should consider the nature of the information, analysis, or feedback needed; cost-effectiveness; cultural considerations; the timeframe of the management need for information; time and resources available; and the level of accuracy required.

203.3.6.5 Participation in Evaluations

Effective Date: 01/31/2003

Operating Units are strongly encouraged to include customers and partners (implementing partners, alliance partners, host-country government partners, and so forth) in planning and conducting evaluations, and to include USAID staff directly when conducting evaluations in order to maximize Agency learning. Operating Units may conduct an evaluation from a variety of perspectives, as illustrated in Figure 203C, “Types of Evaluations and Who Conducts Them.” Operating Units are strongly encouraged to use more collaborative and participatory approaches to evaluation. (See Additional Help document, [TIPS Number 11, The Role of Evaluation in USAID](#) to ascertain the strengths and limitations of each type.)

Figure 203C, Types of Evaluations and Who Conducts Them

| Type of Evaluation | Conducted By |
|--------------------------------------|---|
| Internal, or Self-Evaluations | Operating Unit or partner implementing the activity being assessed. |
| External Evaluations | Independent unit or experts not directly associated with the activity or program. |
| Collaborative Evaluations | More than one agency or partner in joint collaboration. |
| Participatory | Multiple stakeholders. Representatives of customers, partners, sponsoring donor agencies, and other stakeholders participate actively in all phases of the evaluation, including planning, data collection, analysis, reporting, dissemination, and follow-up activities. |

203.3.6.6 Documenting Evaluations

Effective Date: 01/31/2003

Operating Units should maintain appropriate documentation at the conclusion of any evaluation. The nature of the documentation will vary depending on the formality, importance, scope, breadth, and resources committed to the evaluation. At a minimum, documentation should highlight

- Scope and methodology used;
- Important findings (empirical facts collected by evaluators);
- Conclusions (evaluators' interpretations and judgments based on the findings);
- Recommendations (proposed actions for management based on the conclusions); and
- Lessons learned (implications for future designs and for others to incorporate into similar programs in other countries).

Evaluation reports should be useful and readily understood, and should identify key points clearly, distinctly, and succinctly. Longer reports should include an executive summary that presents a concise and accurate summary of the most critical elements of the larger report.

203.3.6.7 Responding to Evaluation Findings

Effective Date: 01/31/2003

Operating Units should address findings and recommendations of evaluations that relate to their specific activities and Results Framework. To help ensure that institutional learning takes place, Operating Units should take the following basic steps upon completion of the evaluation:

- Meet with the evaluation team to debrief and discuss results or findings.
- Review the key findings, conclusions, and recommendations systematically.
- Determine whether the team accepts/supports each finding, conclusion, or recommendation.
- Identify any management or program actions needed and assign clear responsibility and timeline for completion for each.
- Determine whether any revision is necessary in the Strategic Plan, Results Framework, or activity, given all information available.
- Share and openly discuss evaluation findings, conclusions, and recommendations with relevant customers, partners, other donors, and stakeholders, unless there are unusual and compelling reasons not to do so. In many cases, the Operating Unit should arrange the translation of the executive summary into the local written language.

203.3.6.8 Sharing Evaluations to Enhance Agency Learning

Effective Date: 01/31/2003

MANDATORY. As provided in [203.3.12](#), evaluation reports must be provided to the Development Experience Clearinghouse (DEC), where they will be accessible for use in planning and assessing other SOs. If the evaluation was not “finalized,” the Operating Unit should submit the last draft it received. If appropriate and useful, the Operating Unit may submit the response of the SO Team, Operating Unit, or counterpart agency.

203.3.7 Portfolio Reviews

Effective Date: 01/31/2003

MANDATORY. Operating Units must conduct at least one Portfolio Review each year that covers all activities included in their Strategic, Special, and Program Support Objectives.

As defined in [ADS 200.6](#), a **Portfolio Review** is

A periodic review of all aspects of an Operating Unit or Strategic Objective (SO) Team’s programs, often held in preparation for submission of the Annual Report.

A Portfolio Review is a systematic analysis of the progress of a Strategic Objective, led by the Operating Unit, to examine strategic and operational issues and to determine whether USAID-supported activities are leading to the results outlined in the approved Results Framework. The Portfolio Review should bring together various expertise and points of view to determine whether the program is “on track” or if new actions are needed to improve the chances of achieving results. Portfolio Reviews should lead to management decisions about the implementation of the program and feed back into planning and achieving processes. If an Operating Unit identifies significant deficiencies or problems during the Portfolio Review, it may need to alter, increase, or discontinue activities and rethink the logic behind the original expectations.

There is no single prescribed structure or process for conducting Portfolio Reviews. Operating Units may define standard procedures that are judged useful for their program. Many Operating Units will find it particularly useful to conduct a Portfolio Review while preparing for the Annual Report. Operating Units may conduct a Portfolio Review as a single event, or may break the Portfolio Review into several parts conducted at different times of year. In most cases, designated staff should analyze a variety of program-related information and prepare issues for discussion in a larger group forum that includes members of the SO Team and Operating Unit. Operating Units should maintain the documents produced for Portfolio Reviews, including summaries of issues discussed and decisions made, as part of the Operating Unit files, as provided in [ADS 202.3.4.6](#).

203.3.7.1 Issues to Address During a Portfolio Review

Effective Date: 01/31/2003

Operating Units and SO Teams should examine the following items as part of their Portfolio Review process:

- Progress towards the achievement of SOs during the past year, and expectations regarding future progress;
- Evidence that activities are adequately supporting the relevant Intermediate Result(s) and ultimately contributing to the achievement of the SO;
- Adequacy of inputs for producing planned outputs;
- Adequacy of the performance indicators selected in the PMP;
- Status and timeliness of input mobilization (such as receipt of new funding, procurement processes, agreement negotiations, and staff deployments);
- Progress on the Annual Procurement Plan, as provided in [ADS 201.3.12.10](#) and ADS Series [300](#);
- Status of critical assumptions and causal relationships defined in the Results Framework, along with the related implications for performance;
- Status of cross-cutting themes and/or synergies between Strategic Objectives;
- Status of related partner efforts that contribute to the achievement of IRs and SOs;
- Status of the Operating Unit's Management Agreement and the need for any changes to the approved Strategic Plan;
- Pipeline levels and future resource requirements; compliance with forward funding guidance; any need for deobligation;
- SO Team effectiveness and adequacy of staffing; and
- Vulnerability issues, related corrective efforts, and their costs.

203.3.7.2 Illustrative Questions for Portfolio Review

Effective Date: 01/31/2003

The following tables provide illustrative questions that may be used to plan and conduct Portfolio Reviews. Other questions may be relevant and useful to address.

Figure 203D, Illustrative Strategic and Activity Issues to Address During Portfolio Reviews

| Areas of Concern | Suggested Questions |
|---|--|
| Results | <ul style="list-style-type: none"> ▪ Are the desired results being achieved? ▪ Are the results within USAID's manageable interest? ▪ Will planned targets be met? ▪ Is the performance management system in place adequate to capture data on the achievement of results? |
| Outputs | <ul style="list-style-type: none"> ▪ Are planned outputs being completed on schedule? ▪ Are the outputs leading to the achievement of the desired results as anticipated? |
| Inputs | <ul style="list-style-type: none"> ▪ Are the necessary inputs being provided on schedule by USAID and/or its customers/partners? ▪ Are inputs effective in producing the desired outputs? ▪ Are funding pipelines adequate to finance activities until new funds become available for obligation? ▪ If there are significant differences between planned and actual expenditures, do they point to potentially problematic delays or cost overruns? ▪ Is deobligation of funds needed at this time? |
| Development hypothesis | <ul style="list-style-type: none"> ▪ Has the logic identified in the development hypothesis in the Results Framework been found to hold true? ▪ If not, what adjustments, if any, are needed to the approach? |
| Critical assumptions inherent in Results Framework | <ul style="list-style-type: none"> ▪ Do the assumptions stated in the Results Framework still hold true? ▪ If not, what effect does this have on the SO activities and expected results? |
| Non-USAID circumstances | <ul style="list-style-type: none"> ▪ Are situations or circumstances beyond USAID control and influence, other than the identified critical assumptions, affecting USAID activities? ▪ If so, what are they, and what are the effects on USAID activities? |
| Interface between tactics and strategy | <ul style="list-style-type: none"> ▪ At the current rate of progress, is USAID on track to achieve the results that have been targeted in the future? ▪ Have significant problems or issues been identified in their early stages in order to take corrective action, or are they dealt with after major problems have occurred? |

Figure 203E, Illustrative Process Issues to Address During Portfolio Reviews

| Areas of Concern | Suggested Questions |
|-------------------------------------|--|
| Indicators and targets | <ul style="list-style-type: none"> ▪ Are the performance indicators appropriate for management needs? ▪ Are the established indicators being monitored regularly? ▪ Will USAID be able to attribute progress in the indicator to USAID? ▪ Were the set targets realistic? ▪ If not, what targets are more appropriate? ▪ Do performance data meet quality standards for reporting? |
| Evaluations | <ul style="list-style-type: none"> ▪ Have any evaluations been completed to fill performance information gaps? ▪ Is the information from prior evaluations informing decisions and action on relevant activities? ▪ Are new evaluations needed to influence future decisions? |
| Teamwork | <ul style="list-style-type: none"> ▪ Do team members have clear roles and responsibilities and adequate authority for implementing activities? ▪ Is the team receiving adequate support from other organizational units? ▪ Is the team regularly involving non-USAID members in information sharing and decision-making? ▪ Is staffing of the team adequate? ▪ Are any changes to roles or new team members needed? ▪ Are sub-teams (if there are any) functioning adequately? |
| Customer/partner perceptions | <ul style="list-style-type: none"> ▪ Are customer/partner expectations and needs being regularly assessed? ▪ Are customers/partners involved in performance management and assessing effort? ▪ Are gender concerns being addressed, and are there new gender issues that the SO Team needs to take into account? ▪ What opportunities do customers have to obtain information and to provide ongoing feedback to USAID on priorities and activity implementation? |

Figure 203F, Illustrative Vulnerability Issues to Address During Portfolio Reviews

| Areas of Concern | Suggested Questions |
|--------------------------------|---|
| Financial vulnerability | <ul style="list-style-type: none"> ▪ Do recipient institutions meet financial management and accountability standards? ▪ Are the funds received from USAID being handled properly? ▪ Are previously identified financial problem areas being corrected? |
| Other vulnerability | <ul style="list-style-type: none"> ▪ Are activities in compliance with any applicable legal or legislative restrictions? ▪ Are potential conflict of interest or procurement integrity issues being adequately managed? ▪ Are activities in compliance with the environmental impact mitigation provisions of the 22 CFR 216 environmental determination, as provided in ADS 204 and 201.3.12.2 section b? |
| Audit readiness | <ul style="list-style-type: none"> ▪ Are filing systems and documentation adequate to establish an audit trail? ▪ Are approval authorities and procedures clear and being followed? ▪ Has the necessary post-obligation documentation been developed (for example, financial and substantive tracking)? ▪ Do the performance data and reported information represent real progress? |

203.3.7.3 Documenting a Portfolio Review

Effective Date: 01/31/2003

Operating Units should fully document the issues raised, the conclusions reached, and the next steps that the Portfolio Review recommended. The subsequent Portfolio Review should review the previous ones and determine whether the recommendations were implemented, and with what effect. Portfolio Review documentation may also assist Operating Units in preparing for intensive program reviews, as provided in [203.3.10](#).

203.3.8 Operating Unit Annual Reports

Effective Date: 01/31/2003

203.3.8.1 Purpose of Annual Reports

Effective Date: 01/31/2003

MANDATORY. Each Operating Unit must submit an Annual Report until all Strategic Objectives (including Special Objectives and Program Support Objectives) are either completed or terminated. As defined in [ADS 200.6](#), an **Annual Report** is

An annual document produced by each Operating Unit and submitted to the responsible Bureau to report on past performance, future resources needed, and data needed for Agency-wide management, budget decisions, and external reporting. Annual Reports began in 2001 and replaced the Results Review and Resource Request (R4).

The Annual Report is the Agency's principal tool for assessing program performance on an annual basis and communicating performance information to higher management levels and external audiences such as Congress and the Office of Management and Budget (OMB). Whereas the Performance Management Plan provided in [203.3.3](#) is an internal tool for the management of performance and reporting for a given SO, the Annual Report is a mechanism for

- Operating Units to report on performance to their responsible Bureau;
- Operating Units to request future resources; and
- The Agency to collect a broad range of input for Agency-wide management, budget justification, congressional notification, and external reporting (such as Congressional Budget Justification, Bureau Program and Budget Submissions, Agency Budget Submission to OMB, Performance and Accountability Report, and the Annual Performance Plan).

Public access. PPC will post some sections of Annual Reports to the Agency internal website and to the Agency's external website after a mandatory time lag. PPC will edit both versions after submission and before posting to ensure that confidential or procurement sensitive materials are not compromised.

Conflicting guidance. Each year, the Agency will issue a mandatory guidance cable that provides specific information and instructions for compiling the Annual Report for that reporting year. In the event that the Annual Report guidance cable provides guidance different than explained anywhere in [203.3.8](#), the Annual Report guidance cable will take precedence for that year; all other sections of ADS [200](#), [201](#), [202](#) and 203 will remain in effect.

203.3.8.2 Annual Reports and Reporting Year

Effective Date: 01/31/2003

Operating Units should use the U.S. fiscal year (October through September) for all reporting purposes. The U.S. fiscal year is the standard for reporting all data in the Annual Report (including Operating Unit performance and Agency-level common indicators). Operating Units should make every effort to report against this standard. If data are available on a quarterly basis from partners, host countries, or other agencies, the annual figures must be recalculated to reflect the U.S. fiscal year. If performance data are not available on a quarterly basis and also are not available on the U.S. fiscal year, the local fiscal year or calendar year may be used, but should be reported in the "data limitations" as not conforming to the U.S. fiscal year. If point data are used (such as Demographic and Health or other survey data) the date of the survey must be provided. These data must be reported in the fiscal year when the findings were first available, not the date of the survey itself.

203.3.8.3 Annual Reports, Other Operating Unit Reporting and Data Quality

Effective Date: 01/31/2003

Annual Report Data. Operating Units must have conducted a data quality assessment (see [203.3.5](#)) within the past three years for all performance data formally submitted in its Annual Report to either (a) assess SO performance, or (b) report on indicators included in the selected performance measures table. In other words, there must have been a data quality assessment prepared in the last three years for all performance data intended to feed into the preparation of the Agency Performance and Accountability Report (PAR) required by the Government Performance and Results Act (GPRA). By contrast, if Operating Units report data for any other purposes (such as illustrating points in the performance narrative), Operating Units must maintain supporting documentation in official files.

Other Operating Unit Reporting. The same data quality assessment standards apply to any data reported to USAID/Washington that will be used to report

externally on Agency performance. **Exception:** The responsible Bureau may waive this requirement on a case-by-case basis with clearance from PPC/SPP.

203.3.8.4 Annual Report Operating Unit Performance Assessment, Step 1: Designate Performance Indicators and Targets

Effective Date: 01/31/2003

The first step to reporting SO performance is to designate a subset of performance indicators from the Performance Management Plan (see [203.3.3](#)) as targets for measuring success in the upcoming Annual Report.

- Annually, for each Strategic Objective (SO) or Special Objective (SpO), the Operating Unit must designate a few (typically 3 to 5) **performance indicators** from the Performance Management Plan that will be used in the Annual Report to report on the performance of the program for that year. Operating Units should designate performance indicators from the Performance Management Plan that will best demonstrate progress towards achieving the Strategic Objective for the given year. The designated performance indicators may address any part of the approved Results Framework and may be quantitative or qualitative (see [203.3.4.1](#)).
- For each of the performance indicators selected, the Operating Unit must establish **performance targets** against which the Operating Unit will assess performance of the SO or SpO for the given year.
- The Operating Unit must select the performance indicators and the performance targets for the Annual Report, as described above, at least nine months before the end of the fiscal year (by December 31). The designation must be fully documented in a decision memorandum signed by the director of the Operating Unit, or his/her designee.
- The Operating Unit has the final authority to determine which performance indicators and performance targets are most appropriate for reporting progress of the Strategic or Special Objective.
- Once an Operating Unit has selected the performance indicators and targets that will be included in the upcoming Annual Report, the selection of the performance indicators or targets must not be changed for that year. If the Operating Unit determines that the performance indicators or targets previously selected for that year's Annual Report are not realistic or achievable, the Operating Unit must report that the performance targets were not met and must explain why.

Any other performance indicators and performance targets in a Performance Management Plan that have not yet been selected as annual targets for a specific Annual Report may be changed, as provided in [203.3.4.7](#).

203.3.8.5 Annual Report Operating Unit Performance Assessment, Step 2: Conduct Assessment of Target Achievement

Effective Date: 01/31/2003

Operating Units should use the performance indicators described above in [203.3.8.4](#) to assess whether the Strategic Objective “did not meet,” “met,” or “exceeded” performance targets and expectations. The statement is auditable.

- The “did not meet” finding is appropriate if the Operating Unit has not achieved the majority of the performance targets, unless the Operating Unit can make a persuasive case that the achievement of some performance targets overrides other performance targets. If an Operating Unit did not select performance indicators or targets, in accordance with [203.3.8.4](#), the Operating Unit must report that performance targets were not met.
- The “met” finding is appropriate if the Operating Unit has achieved either the majority or the most important of the performance targets it has set in advance for the Strategic Objective. A quantitative performance target may be considered to be “met” if the Operating Unit achieves 95 percent of the intended change for the reporting period.
- The “exceeded” finding is appropriate if the Operating Unit has achieved substantial accomplishments above and beyond the performance targets that the Operating Unit selected and documented for the Annual Report, in accordance with [203.3.8.4](#).

In the Annual Report, Operating Units may also identify “significant accomplishments,” which are appropriate for accomplishments that the Agency could publicize as an illustration of performance.

203.3.8.6 Annual Reports and Agency-Level Common Indicators

Effective Date: 01/31/2003

As part of the Annual Report, Operating Units are required to report on some Agency-level common indicators known as “selected performance measures.” These indicators are used for Agency-level decision making; and preparing internal and external mandatory reports on Agency progress. The Annual Report guidance cable(s) will describe the selected performance measures that will be required for a given year. Future or new selected performance measures will be announced one year in advance of being required so that Operating Units will have time to prepare for data collection and reporting. These selected performance measures may or may not directly reflect the performance of the Operating Unit. In most cases, an Operating Unit will provide data on only a subset of the selected performance measures. The Annual Report guidance cable(s) provides specific instructions and constitutes mandatory guidance.

For more information on Agency-level common indicators and whether or not to include them in PMPs, see [203.3.4.1](#) section b and [203.3.4.4](#).

Additional Reporting Requirements. Washington Bureaus may have additional reporting requirements for some Operating Units. Such requirements will be communicated through formal channels. For questions or concerns about specific reporting requirements, Operating Units should contact PPC/SPP.

203.3.8.7 Annual Reports and Environmental Requirements

Effective Date: 01/31/2003

Environmental soundness is an important criterion for all Agency programs. As part of meeting pre-obligation requirements provided in [ADS 201.3.12](#), the potential environmental impact of programs should be reviewed. In some cases, the environmental review may identify environmental impact mitigation measures that must be followed during implementation. If activities implemented to support an SO do not adequately address required mitigation measures, the program is likely to be out of compliance with environmental regulations. If a program is not in compliance with regulations, the Operating Unit must document this in the Annual Report and identify steps needed to ensure compliance. Problems or delays in ensuring compliance must be considered when making an overall judgment as to whether an SO is meeting targets.

203.3.9 Reporting Requirements for Activities Not Managed by Country-Based USDH Staff: Activity Information Sheets

Effective Date: 01/31/2003

MANDATORY. Operating Units, in particular Regional and Pillar Bureau programs and Regional Operating Units, must use Activity Information Sheets (AIS) to plan and report activities (including food aid and research) that are implemented in a presence or non-presence country, but are not part of the approved Strategic Plan for that country. The purpose of these procedures is to ensure that information on all activities undertaken in a given country is readily available for management and reporting purposes and that the activities are legally permissible.

If there is any question as to whether a particular activity undertaken by a Regional or Pillar Bureau in a presence country is "directly part of a country-level Strategic Plan," it is the responsibility of the Regional or Pillar Bureau sponsoring that activity to reach agreement with the Operating Unit in the field about who will monitor and report on that activity. Absent such agreement, Regional or Pillar Bureaus should assume that the activity in question is not part of the country-level Strategic Plan and should prepare and submit an Activity Information Sheet as described in this section.

A one-page Activity Information Sheet (AIS) must be prepared by the responsible Activity Manager before initiating the activity, and must be reviewed and updated annually and/or with each obligation of funds.

203.3.9.1 Contents of Activity Information Sheets

Effective Date: 01/31/2003

Before initiating an activity that is not part of a country-level Strategic Plan, whether in a presence or non-presence country, a standard one-page Activity Information Sheet must be prepared by the USAID Activity Manager that documents the following:

- The approved Regional or Pillar Strategic Objective and the Intermediate Results that the activity supports.
- The Operating Unit responsible for funding and managing the activity. In most cases, the Operating Unit managing the activity will be the Operating Unit required to complete the Activity Information Sheet
- A brief rationale for why the activity should take place in that country.
- A brief description of the activity (including, when known, expected coordination with the U.S. Embassy, estimated funding level by fiscal year, source of funding, planned duration, implementing institution(s), and host country counterpart institution(s)).

203.3.9.2 Exemptions From Activity Information Sheets

Effective Date: 01/31/2003

Activities of the Bureau for Democracy, Conflict, and Humanitarian Assistance, Office of Foreign Disaster Assistance (DCHA/OFDA) and Emergency Food Aid activities may be initiated without prior GC and Regional Bureau clearance, but an Activity Information Sheet must be submitted.

Some USAID implementing instruments (such as grants to Public International Organizations and 632a allocation) may require an exemption from the specific requirements described here. Please contact the Non-Presence Coordinator of the responsible Bureau for guidance if there are questions about when and how to apply this guidance.

203.3.9.3 Approval and Distribution of Activity Information Sheets

Effective Date: 01/31/2003

The appropriate Regional Bureau and General Counsel must clear the Activity Information Sheet (AIS). Regional Bureau clearance indicates that the Regional Bureau is aware of the activity and is not aware of any coordination issues. Regional Bureaus should determine when to seek input or clearance from field Operating Units. It is strongly recommended that Regional Bureaus advise Operating Units in the field of all activities being conducted in the presence and non-presence countries for which these Operating Units are responsible.

General Counsel clearance indicates that the activity has been reviewed and determined to be legally permissible.

If the activity will be implemented in a USAID presence country, the Regional Bureau should provide the documentation to Director of the Operating Unit. The implementing Bureau must provide electronic copies of the cleared AIS to the relevant Regional Bureau and to PPC. PPC should post the AIS on the USAID Intranet, in order to allow USAID staff to retrieve information on all USAID activities in a given country for reporting or briefing purposes. See Additional Help document, database for accessing [Blank Activity Information Sheet \(AIS\) Template](#), available at <http://cdie.usaid.gov/npc/> (accessible only within the USAID firewall); or send an e-mail request to npctemplate@dec.cdie.org. Also see Mandatory Reference, [Non Presence Programming Procedures](#).

203.3.10 Intensive Program Reviews

Effective Date: 01/31/2003

MANDATORY. Bureaus must conduct intensive program reviews of each Operating Unit or program (for which the Bureau is responsible) at least once every three years. Bureaus may conduct such program reviews more often if necessary.

The purpose of the program review is to examine thoroughly how each program is proceeding, to provide an opportunity for Washington Offices to examine planned and actual progress toward results set forth in the Results Framework and Performance Management Plan for each SO, and to review future resource requirements for each SO.

Each Bureau may develop its own procedures for intensive program reviews, but Bureaus should include PPC, the Bureau for Management (M), GC, the Bureau for Legislative and Public Affairs (LPA), and other Regional and Pillar Bureaus in the review process. Bureaus should determine what documentation would be useful and relevant to program performance and strategic choices. Useful documents may include the planning parameters for the development of the Strategic Plan; the approved Strategic Plan; the Management Agreement and any modification(s); Performance Management Plans used in the Operating Unit or program; Portfolio Review documents; major evaluations and assessments; and R4 and/or Annual Reports since the previous program review.

As a result of the intensive program review, the Management Agreement between the Bureau and the Operating Unit may be adjusted. For more information about updating and revising planning documents, see [ADS 201.3.11](#).

203.3.11 Strategic Objective Close Out Reports

Effective Date: 01/31/2003

MANDATORY. Operating Units must produce a brief close out report for each Strategic Objective (SO) when the SO is either completed or terminated. Termination includes situations where some of the IRs and related activities are continued under a new SO as part of a follow-on Strategic Plan, but where the original SO is no longer being pursued and funded. Termination does not include situations where an SO is simply being amended and continues to be funded. Consult the program office in the responsible Bureau to determine applicability of these requirements.

The SO close out report should be included as a special annex to the Operating Unit's Annual Report that includes the last performance narrative for the SO. Alternatively, if the SO close out report is not available at the time of Annual Report submission, the Annual Report cover memo should provide a target date for its submission. Unlike the Annual Report performance narrative, which should focus largely on the preceding year, the SO close out report must cover the entire life of the SO.

The intended audience for the SO close out report includes development professionals in USAID and partner organizations that seek to learn from broader Agency experience and apply this experience in planning or assessing other development efforts. The SO close out report should summarize overall experience in achieving intended results as well as provide references to related materials and sources of information. Most SO close out reports contain 5 to 10 pages of text, followed by supplemental annexes with more detailed information or references. SO close out reports should include

- Basic identifying information, such as SO name, number, approval date, and geographic area (country[ies] and region[s] assisted);
- The total cost of the SO by USAID funding account, actual or estimated counterpart contributions, and the best available estimate of other partner resources that contributed to results achievement;
- The principal implementing partners (including those with whom USAID obligated or sub-obligated funds and those who may have received funding from other sources);
- A summary of overall impact at SO level and IR level in relation to what was originally planned;
- Significant changes in the Results Framework during the life of the SO;
- A summary of activities used to achieve the SO and their major outputs;
- Prospects for long-term sustainability of impact and principal threats to sustainability;

- Lessons learned for application to other SOs, including follow-on SOs in the same country or sector and similar SOs in other countries or sectors;
- A summary of performance indicators used and an assessment of their relative usefulness for performance management and reporting;
- A list of evaluations and special studies conducted during the life of the SO, including Annual Reports;
- A list of instrument close out reports prepared for contracts, grants, and cooperative agreements; and
- Names and contact point of individuals who were directly involved in various phases of the SO (planning, achieving, and assessing and learning), and who would be good sources of additional information.

203.3.12 Development Experience Clearinghouse

Effective Date: 01/31/2003

Operating Units should share key program documents with the Development Experience Clearinghouse, an Agency-wide service for the submission, storage, and sharing of documentation. The DEC mailing address is

PPC Development Experience Clearinghouse (DEC)
 Document Acquisitions
 RRB Room 6.09-060
 Washington, DC 20523-6802
 Document Submission: docsubmit@dec.cdie.org
 Document Access: <http://www.dec.org/>

Documents should be sent in electronic form when possible to the e-mail address above; alternatively a paper copy could be mailed to the address above. To support the broader Agency learning process, the following documents should be submitted:

- Operating Unit Strategic Plans, including approvals and revisions/modifications,
- Management Agreements, including modifications,
- Annual Reports,
- Activity Information Sheets (AIS),
- Evaluation reports, program assessments and studies,

- Contractor/grantee technical reports, publications, final reports,
- USAID-funded conference/workshop proceedings and reports,
- Strategic Objective Close Out reports, and
- Operating Unit Close Out (“graduation”) reports.